



*Territory of Guam  
Federated Guam*

GOVERNOR  
LARRY J. GARCIA  
AGANA, GUAM

JUL 08 1992

The Honorable Don Parkinson  
Chairman  
Committee on Energy, Utilities and  
Consumer Protection  
Twenty First Guam Legislature  
Agana, Guam 96910

Dear Mr. Chairman:

On behalf of the people of Guam, I would like to extend my personal thanks and appreciation to you for your efforts regarding the procurement of additional power generating capacity for the Guam Power Authority.

I would like to take this opportunity to submit a revision to Substitute Bill 898 now under consideration by your committee and the Committee of the Whole. As you know, GPA and my staff have been working with you to prepare legislation which addresses the concerns raised by members during the Committee's hearing last Friday. Enclosed please find a draft containing some changes from the draft given to you last week.

It is my understanding that you, Mr. Chairman, and Speaker Joe T. San Agustin have recommended that authorization for the long term indebtedness increase to include funding for a new baseline generator of 35 megawatts and needed transmission and distribution facilities. Thus, in Section 3 the amount of long term debt has been increased to \$240,000,000 and three items 4 through 7 have been added accounting for the increased debt ceiling.

Senator Santos expressed concern about the transfer to GPA of certain land now being used by Guam Memorial Hospital Authority. After further consultation between GPA and GMHA the land transfer has been deleted from Section 5 and a new Section 6 inserted. This new provision addresses Senator Santos' concern and is satisfactory to the authorities as it will allow GMHA to go forward with plans for that site and accomodate the generators to be placed there by GPA.

In order to bring to the Secretary of Interior's attention our desire to repay the loan to the Federal Financing Bank I have written to him. A copy of that letter is enclosed for your information. I plan to meet with the Secretary when I am in Washington D.C. in August to seek his approval. I appreciate your

*Exhibit "F"*



Commonwealth Now!

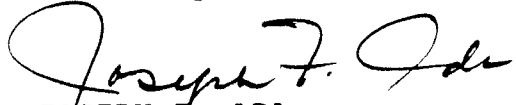
The Honorable Don Parkinson  
Page Two

concern about the pay-off as that is critical to GPA's continued expansion.

Once again, Mr. Chairman, I appreciate the hard work and effort you have put into this very important issue. I also appreciate the cooperative spirit which you and your colleagues have exhibited as we seek to provide the power generating capacity our people both need and deserve. I look forward to continuing to work closely with you and your colleagues in this and other matters.

If you have any further questions or comments, please feel free to contact me at your convenience. Thank you again and si Yu'os Ma'ase.

Sincerely,



JOSEPH F. ADA  
Governor

TWENTY-FIRST GUAM LEGISLATURE  
1992 (SECOND) Regular Session

Bill No. 898 (Draft 2 Revision 1)

Introduced by:

At the Request of the Governor

Sponsored by:

T.V.C. Tanaka  
A. Blaz  
J.T. San Agustin  
D. Parkinson  
G. Bamba

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY SECTIONS 8113.1, 8113.2, 8113.3, 8113.4, 8113.5, 8113.6, 8113.7 AND 12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT GUAM POWER AUTHORITY AND THE PUBLIC UTILITY COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM AND APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Section 8113.1 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.1. Expedited Procurement of Generators. In order to provide immediate relief from the critical power shortage existing in 1992, GPA, with all deliberate speed, and with the consent of the Public Utility Commission, shall procure and install generators adding 76 megawatts of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the

1 maintenance cost of the equipment over its anticipated usable  
2 life, and the compatibility of the equipment with the long-  
3 range capital improvement plans for the IWPS."

4           Section 2.       Section 8113.2 is added to Title 12 of  
5 the Guam Code Annotated to read:

6           "Section 8113.2.   Procurement by GPA of the  
7 generators and ancillary equipment, land, and buildings will  
8 require long term financing in the form of revenue bonds or  
9 capital leases, or a combination of both. GPA must identify a  
10 source of the entire \$45.6 million before it may sign any  
11 purchase agreements and any contractual obligations related to  
12 the immediate power needs.

13           Pending issuance of revenue bonds, in order to  
14 identify funds sufficient to enable GPA forthwith to enter into  
15 contracts and obligations incident to procurement and  
16 installation of the generators and ancillary equipment, and  
17 other related purposes, and to enable GPA to obtain or provide  
18 for interim funding, the Governor may guarantee the repayment  
19 by GPA of such interim debt in an amount not to exceed \$25  
20 million. The Governor is authorized to lend to GPA from the  
21 General Fund and the Legislative Capital Improvement Fund a sum  
22 not to exceed \$20.6 million. The loan to GPA from the  
23 Government of Guam shall be without interest and for a term not  
24 exceeding one (1) year.

1           GPA presently has outstanding long term and other  
2 indebtedness which includes that to the Federal Financing Bank  
3 ("FFB") with certain restrictive covenants.

4           Without retirement of the FFB indebtedness, which  
5 include covenants preventing parity of new indebtedness, GPA is  
6 at an extreme disadvantage in obtaining additional long term  
7 debt. Further GPA has an existing short term \$26,000,000 bank  
8 loan which is intended to be replaced by issuance of revenue  
9 bonds at the earliest practicable time, and which should be  
10 replaced in order to enhance a new issuance here authorized."

11           Section 3.       Section 8113.3 is added to Title 12 of  
12 the Guam Code Annotated to read:

13           "Section 8113.3.     In order to enable GPA to obtain  
14 the best possible price to the territory in the best interest  
15 of GPA's rate payers, GPA is authorized to incur long term  
16 indebtedness not exceeding \$240,000,000 maturing not later than  
17 thirty (30) years from issuance, bearing interest at a rate not  
18 to exceed 10% per annum, and payable solely from revenues of  
19 GPA, with which to refund its existing indebtedness, including  
20 revenue bonds, FFB loans and the \$26 million interim debt, and  
21 to finance the following listed projects:

- 22           1. Procurement and installation of the generators,  
23 and ancillary equipment described in Section 8113.1;
- 24           2. Refurbishment of the Weber barge;
- 25           3. Land acquisition for generator siting;

- 1           4.    Next baseload unit (35 MW);  
2           5.    Anigua substation construction and equipment;  
3           6.    Upgrading of computers for central control of  
4 IWPS; and  
5           7.    Replacement of deteriorated steel structures at  
6 Cabras supporting 115 KV buses and switch gear.

7           To the extent GPA, with the approval of the PUC,  
8 determines that as to procurement and installation of the  
9 generators and ancillary equipment it is in the best interests  
10 of GPA's rate payers to procure by various appropriate  
11 financing means available, GPA is hereby authorized to do so.

12           To the extent costs are incurred or advances are  
13 received for such projects prior to issuance of the revenue  
14 obligations authorized hereby, such costs may be reimbursed  
15 from proceeds of such obligations. This authorization shall  
16 constitute an expression of the intent of the Government to  
17 reimburse such costs for purposes of Section 1.148-18 of the  
18 Treasury Regulations."

19           Section 4.       Section 8113.4 is added to Title 12 of  
20 the Guam Code Annotated to read:

21           "Section 8113.4.    Such funds as GPA may borrow to  
22 implement the requirements of this Act shall be borrowed upon  
23 such terms and conditions as shall be authorized by the Public  
24 Utilities Commission pursuant to its regulatory authority

1 ensuring that any rates resulting to consumers are reasonable  
2 as provided by Title 12 Guam Code Annotated Section 12004.

3 Interest paid by GPA on long term, and interim  
4 financing, and capital lease, if any, shall be free of income  
5 and gross receipts taxation by the government of Guam."

6 Section 5. Section 8113.5 is added to Title 12 of  
7 the Guam Code Annotated to read:

8 "Section 8113.5. To provide necessary land for  
9 installation of the generators, for use for substations, and  
10 for building uses, there is hereby transferred to GPA, in fee  
11 simple, the following described parcels of real property all  
12 hereby determined to be necessary and related to GPA's  
13 immediate needs for additional generation capacity and its  
14 operation, maintenance, transmission and distribution:  
15  
16

17 Macheche Substation:

18  
19 A portion of Government land more  
20 particularly described as Lot No. 5246-3,  
21 situated in the Municipality of Dededo,  
22 containing an area of 3,716 + square meters  
23 or 40,000 + square feet as shown on map,  
24 Recorded in the Department of Land  
25 Management on June 6, 1988, under document  
26 number 399099 and Government land more  
27 particularly described as Lot No. 5246-2,  
28 situated in the Municipality of Dededo,  
29 containing an area of 3,716 + square meters  
30 of 40,000 + square feet as shown on map,  
31 recorded in the Department of Land  
32 Management on June 6, 1988 under documents  
33 number 399099.  
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Anigua Substation:

A portion of Government land more particularly described as Lot No. 1361-1-CNew, situated in Anigua, Municipality of Agana, containing an area of 1,522 + square meters or 16,382 + square feet, as shown on map, Recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A portion of Government land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115 + square meters or 345,551 + square feet, as shown on map recorded in the Department of Land Management on May 26, 1988 under Document Number 398768.

Section 6. Section 8113.6 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.6. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to the hospital sufficient electrical supply from the generating capacity there installed to meet the needs of the hospital."



1           Section 7.       Section 8113.7 is added to Title 12 of  
2 the Guam Code Annotated to read:

3           "Section 8113.7.    To permit use by GPA of the  
4 parcels described in Sections 8113.5 and 8113.6 for public  
5 utility uses, GPA is hereby granted such conditional uses."

6           Section 8.       Section 8113.8 is added to Title 12 of  
7 the Guam Code Annotated to read:

8           "Section 8113.8.    In view of the urgency for  
9 procurement of the generators and ancillary equipment, the  
10 requirements of Title 5, GCA, Chapter 5, Article 3, Part B, are  
11 hereby waived and GPA is hereby authorized to utilize such  
12 method of source selection as it deems necessary, subject to  
13 the approval of the PUC."

14          Section 9.       Section 12016.1 is added to Title 12  
15 of the Guam Code Annotated to read:

16          "Section 12016.1.   In the conducting of any hearing  
17 pertaining to the implementation of the provisions of Section  
18 8113.1 through 8113.8 of this Title, the Commission shall be  
19 exempt from the provisions of Section 12016 of this Title. The  
20 Commission is requested to act upon any request of the Guam  
21 Power Authority having to do with the implementation of  
22 Sections 8113.1 through 8113.8 of this Title expeditiously in  
23 order to enable GPA timely to accept such bids as it has  
24 received as may be approved by the Commission."

**CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI**

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**VIA TELECOPIER**

**TO:** Ike Iriarte

**DATE:** July 3, 1992

**FROM:** Phil D. Isaac

**RE:** Expedited Procurement of Generators.

**TELECOPY NO.:**

**NUMBER OF PAGES INCLUDING THIS COVER SHEET: 3**

**CASE NAME:**

**CASE NUMBER:**

**MESSAGE:**

*Exhibit "B"*

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TWENTY-FIRST GUAM LEGISLATURE  
1992 (SECOND) Regular Session

Bill No. \_\_\_\_\_

Introduced by:

At the Request of the Governor

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY SECTIONS 8113.1, 8113.2, 8113.3, 8113.4, 8113.5, 8113.6, 8113.7 AND 12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT GUAM POWER AUTHORITY AND THE PUBLIC UTILITY COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM AND APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Section 8113.1 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.1. Expedited Procurement of Generators. In order to provide immediate relief from the critical power shortage existing in 1992, GPA, with all deliberate speed, and with the consent of the Public Utility Commission, shall procure, install and operate generators adding 76 megawatts of nameplate generating capacity to the Island-Wide Power System ("IWPS"). GPA has determined what equipment it shall procure, weighing the time necessary to make the equipment an efficiently operating component of the IWPS, the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life, and the compatibility of the equipment with the long-range capital improvement plans for the IWPS."

Section 2. Section 8113.2 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.2. Procurement by GPA of the generators and ancillary equipment, land, and buildings will require long term financing in the form of revenue bonds or capital leases, or a combination of both. GPA must identify a source of the entire \$45.6 million before it may sign any purchase agreements and any contractual obligations related to the immediate power needs.

Pending issuance of revenue bonds, in order to identify funds sufficient to enable GPA forthwith to enter into contracts and obligations incident to procurement and installation of the generators and ancillary equipment, and other related purposes, and to enable GPA to obtain or provide for interim funding, the Governor may guarantee the repayment by GPA of such interim debt in an amount not to exceed \$25 million. The Governor is authorized to lend to GPA from the General Fund and the Legislative Capital Improvement Fund a sum not to exceed \$20.6 million. The loan to GPA from the Government of Guam shall be without interest and for a term not exceeding one (1) year.

GPA presently has outstanding long term and other indebtedness which includes that to the Federal Financing Bank ("FFB") with certain restrictive covenants.

Without retirement of the FFB indebtedness, which include covenants preventing parity of new indebtedness, GPA is at an extreme disadvantage in obtaining additional long term debt. Further GPA has an existing short term \$26,000,000 bank loan which is intended to be replaced by issuance of revenue bonds at the earliest practicable time, and which should be replaced in order to enhance a new issuance here authorized."

Section 3. Section 8113.3 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.3. In order to enable GPA to obtain the best possible price to the territory in the best interest of GPA's rate payers, GPA is authorized to incur long term indebtedness not exceeding \$140,000,000 maturing not later than thirty (30) years from issuance, bearing interest at a rate not to exceed 10% per annum, and payable solely from revenues of GPA, with which to refund its existing indebtedness, including revenue bonds, FFB loans and the \$26 million interim debt, and to finance the following listed projects:

1. Procurement and installation of the generation, and ancillary equipment;
2. Refurbishment of the Weber barge; and
3. Land acquisition for generator siting.

To the extent GPA, with the approval of the PUC, determines that as to procurement and installation of the generators and ancillary equipment it is in the best interests

of GPA's rate payers to procure by various appropriate financing means available, GPA is hereby authorized to do so.

To the extent costs are incurred or advances are received for such projects prior to issuance of the revenue obligations authorized hereby, such costs may be reimbursed from proceeds of such obligations. This authorization shall constitute an expression of the intent of the Government to reimburse such costs for purposes of Section <sup>1.148</sup>~~1.148~~-18 of the Treasury Regulations."

Section 4. Section 8113.4 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.4. Such funds as GPA may borrow to implement the requirements of this Act shall be borrowed upon such terms and conditions as shall be authorized by the Public Utilities Commission pursuant to its regulatory authority.

Interest paid by GPA on long term, and interim financing, and capital lease, if any, shall be free of income and gross receipts taxation by the government of Guam."

Section 5. Section 8113.5 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.5. To provide necessary land for installation of the generators, for use for substations, and for building uses, there is hereby transferred to GPA, in fee simple, the following described parcels of real property all hereby determined to be necessary and related to GPA's

immediate needs for additional generation capacity and its operation, maintenance, transmission and distribution:

**GMH Diesel Plant:**

That portion of Government land more particularly described as Lot No. 5172-3-1NEW-R3, Tract 108, Increment 4, situated in Tamuning, Municipality of Dededo, containing an approximate area of 1,115 + square meters or 12,000 + square feet as shown on map, Recorded in the Department of Land Management, under document number 410297.

**Macheche Substation:**

A portion of Government land more particularly described as Lot No. 5246-3, situated in the Municipality of Dededo, containing an area of 3,716 + square meters or 40,000 + square feet as shown on map, Recorded in the Department of Land Management on June 6, 1988, under document number 399099 and Government land more particularly described as Lot No. 5246-2, situated in the Municipality of Dededo, containing an area of 3,716 + square meters or 40,000 + square feet as shown on map, recorded in the Department of Land Management on June 6, 1988 under documents number 399099.

**Anigua Substation:**

A portion of Government land more particularly described as Lot No. 1361-1-CNew, situated in Anigua, Municipality of Agana, containing an area of 1,522 + square meters or 16,382 + square feet, as shown on map, Recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

**T&D/Supply Warehouse Relocation:**

A portion of Government land more particularly described as Lot No. 10122-13-

R1, situated in the Municipality of Dedado, containing an approximate area of 32,115 + square meters or 345,551 + square feet, as shown on map recorded in the Department of Land Management on May 26, 1988 under Document Number 398768."

Section 6. Section 8113.6 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.6. To permit use by GPA of the parcels described in Section 8113.5 for public utility uses, GPA is hereby granted such conditional uses."

Section 7. Section 8113.7 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.7. In view of the urgency for procurement of the generators and ancillary equipment, the requirements of Title 5, GCA, Chapter 5, Part B, are hereby waived and GPA is hereby authorized to utilize such method of source selection as it deems necessary, subject to the approval of the PUC."

Section 8. Section 12016.1 is added to Title 12 of the Guam Code Annotated to read:

Section 12016.1. In the conducting of any hearing pertaining to the implementation of the provisions of Section 8113.1 through 8113.7 of this Title, the Commission shall be exempt from the provisions of Section 12016 of this Title. The Commission shall act upon any request of the Guam Power Authority having to do with the implementation of Section 8113.1 of this Title within thirty (30) days from the receipt



of such request. The Commission's failure to act upon a request within the thirty (30) days shall constitute consent and approval by the Commission of the request of the Guam Power Authority."

# CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI

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July 7, 1992

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CC: Mr. Bruce Pacon  
Telecopier No. 472-1987

CC: Ms. Katherine Maraman  
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EXHIBIT "H"

Mr. Ike Iriarte  
July 7, 1992  
Page 2

CC: Mr. Joey Duenas  
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CC: Mr. Simon Sanchez  
Telecopier No. 646-1321

CC: Mr. Andy Balajadia  
Telecopier No. 646-8163

FROM: Phillip D. Isaac, Esq. ✓

NUMBER OF PAGES INCLUDING THIS COVER SHEET:

CASE NAME & NUMBER: GPA - General (012149-35)

SUBJECT: Bill 898, Draft 2, Revision 1

MESSAGE: Attached is a copy of Bill 898, Draft 2, Revision 1 with changes made to reflect the situation at GMH and a proposed method of dealing with it. A formal transmittal of the Bill is forthcoming from the Governor's office.

---

If problems occur, please call our Telecopier Operator at (671) 472-6813.

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TWENTY-FIRST GUAM LEGISLATURE  
1992 (SECOND) Regular Session

1  
2  
3  
4 Bill No. 898 (Draft 2 Revision 1)

5  
6 Introduced by:

At the Request of the Governor

7  
8  
9 Sponsored by:

T.V.C. Tanaka  
A. Blaz  
J.T. San Agustin  
D. Parkinson  
G. Bamba

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15 AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION  
16 RELIEF FOR THE TERRITORY BY SECTIONS 8113.1, 8113.2,  
17 8113.3, 8113.4, 8113.5, 8113.6, 8113.7 AND 12016.1 TO  
18 TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT  
19 GUAM POWER AUTHORITY AND THE PUBLIC UTILITY  
20 COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT  
21 OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-  
22 WIDE POWER SYSTEM AND APPROPRIATING FOR THE  
23 ACQUISITION OF SUCH EQUIPMENT AND FOR RELATED  
24 PURPOSES.

25 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

26  
27 Section 1. Section 8113.1 is added to Title 12 of

28  
29 the Guam Code Annotated to read:

30 \*Section 8113.1. Expedited Procurement of  
31 Generators. In order to provide immediate relief from the  
32 critical power shortage existing in 1992, GPA, with all  
33 deliberate speed, and with the consent of the Public Utility  
34 Commission, shall procure and install generators adding 76  
35 megawatts of nameplate generating capacity to the Island-Wide  
36 Power System ("IWPS"). GPA has determined what equipment it  
37 shall procure, weighing the time necessary to make the  
38 equipment an efficiently operating component of the IWPS, the  
39 per kilowatt hour cost of the equipment, factoring in the

1 maintenance cost of the equipment over its anticipated usable  
2 life, and the compatibility of the equipment with the long-  
3 range capital improvement plans for the IWPS."

4 Section 2. Section 8113.2 is added to Title 12 of  
5 the Guam Code Annotated to read:

6 "Section 8113.2. Procurement by GPA of the  
7 generators and ancillary equipment, land, and buildings will  
8 require long term financing in the form of revenue bonds or  
9 capital leases, or a combination of both. GPA must identify a  
10 source of the entire \$45.6 million before it may sign any  
11 purchase agreements and any contractual obligations related to  
12 the immediate power needs.

13 Pending issuance of revenue bonds, in order to  
14 identify funds sufficient to enable GPA forthwith to enter into  
15 contracts and obligations incident to procurement and  
16 installation of the generators and ancillary equipment, and  
17 other related purposes, and to enable GPA to obtain or provide  
18 for interim funding, the Governor may guarantee the repayment  
19 by GPA of such interim debt in an amount not to exceed \$25  
20 million. The Governor is authorized to lend to GPA from the  
21 General Fund and the Legislative Capital Improvement Fund a sum  
22 not to exceed \$20.6 million. The loan to GPA from the  
23 Government of Guam shall be without interest and for a term not  
24 exceeding one (1) year.

1           GPA presently has outstanding long term and other  
2 indebtedness which includes that to the Federal Financing Bank  
3 ("FFB") with certain restrictive covenants.

4           Without retirement of the FFB indebtedness, which  
5 include covenants preventing parity of new indebtedness, GPA is  
6 at an extreme disadvantage in obtaining additional long term  
7 debt. Further GPA has an existing short term \$26,000,000 bank  
8 loan which is intended to be replaced by issuance of revenue  
9 bonds at the earliest practicable time, and which should be  
10 replaced in order to enhance a new issuance here authorized."

11           Section 3.       Section 8113.3 is added to Title 12 of  
12 the Guam Code Annotated to read:

13           "Section 8113.3.    In order to enable GPA to obtain  
14 the best possible price to the territory in the best interest  
15 of GPA's rate payers, GPA is authorized to incur long term  
16 indebtedness not exceeding \$240,000,000 maturing not later than  
17 thirty (30) years from issuance, bearing interest at a rate not  
18 to exceed 10% per annum, and payable solely from revenues of  
19 GPA, with which to refund its existing indebtedness, including  
20 revenue bonds, FFB loans and the \$26 million interim debt, and  
21 to finance the following listed projects:

- 22           1.    Procurement and installation of the generators,  
23 and ancillary equipment described in Section 8113.1;
- 24           2.    Refurbishment of the Weber barge;
- 25           3.    Land acquisition for generator siting;

- 1           4.    Next baseload unit (35 MW);
- 2           5.    Anigua substation construction and equipment;
- 3           6.    Upgrading of computers for central control of
- 4 IWPS; and
- 5           7.    Replacement of deteriorated steel structures at
- 6 Cabras supporting 115 KV buses and switch gear.

7           To the extent GPA, with the approval of the PUC,  
8 determines that as to procurement and installation of the  
9 generators and ancillary equipment it is in the best interests  
10 of GPA's rate payers to procure by various appropriate  
11 financing means available, GPA is hereby authorized to do so.

12           To the extent costs are incurred or advances are  
13 received for such projects prior to issuance of the revenue  
14 obligations authorized hereby, such costs may be reimbursed  
15 from proceeds of such obligations. This authorization shall  
16 constitute an expression of the intent of the Government to  
17 reimburse such costs for purposes of Section 1.148-18 of the  
18 Treasury Regulations."

19           Section 4.       Section 8113.4 is added to Title 12 of  
20 the Guam Code Annotated to read:

21           "Section 8113.4.    Such funds as GPA may borrow to  
22 implement the requirements of this Act shall be borrowed upon  
23 such terms and conditions as shall be authorized by the Public  
24 Utilities Commission pursuant to its regulatory authority

1 ensuring that any rates resulting to consumers are reasonable  
2 as provided by Title 12 Guam Code Annotated Section 12004.

3 Interest paid by GPA on long term, and interim  
4 financing, and capital lease, if any, shall be free of income  
5 and gross receipts taxation by the government of Guam."

6 Section 5. Section 8113.5 is added to Title 12 of  
7 the Guam Code Annotated to read:

8 "Section 8113.5. To provide necessary land for  
9 installation of the generators, for use for substations, and  
10 for building uses, there is hereby transferred to GPA, in fee  
11 simple, the following described parcels of real property all  
12 hereby determined to be necessary and related to GPA's  
13 immediate needs for additional generation capacity and its  
14 operation, maintenance, transmission and distribution:

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Macheche Substation:

A portion of Government land more particularly described as Lot No. 5246-3, situated in the Municipality of Dededo, containing an area of 3,716 + square meters or 40,000 + square feet as shown on map, Recorded in the Department of Land Management on June 6, 1988, under document number 399099 and Government land more particularly described as Lot No. 5246-2, situated in the Municipality of Dededo, containing an area of 3,716 + square meters of 40,000 + square feet as shown on map, recorded in the Department of Land Management on June 6, 1988 under documents number 399099.



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Anigua Substation:

A portion of Government land more particularly described as Lot No. 1361-1-CNew, situated in Anigua, Municipality of Agana, containing an area of 1,522 + square meters or 16,382 + square feet, as shown on map, Recorded in the Department of Land Management on February 11, 1981 under Document Number 319048.

T&D/Supply Warehouse Relocation:

A portion of Government land more particularly described as Lot No. 10122-13-R1, situated in the Municipality of Dededo, containing an approximate area of 32,115 + square meters or 345,551 + square feet, as shown on map recorded in the Department of Land Management on May 26, 1988 under Document Number 398768.

Section 6. Section 8113.6 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.6. Subject to agreement between the Guam Memorial Hospital Authority ("GMHA") and GPA whereby GMHA makes available to GPA at the Guam Memorial Hospital site sufficient land for installation of electrical generators and related ancillary equipment, including fuel storage, and in consideration of such agreement, should a shortage of electrical supply otherwise occur, from and after commissioning of that generating capacity to be installed at the Guam Memorial Hospital site, GPA will apportion to the hospital sufficient electrical supply from the generating capacity there installed to meet the needs of the hospital."

1           Section 7.       Section 8113.7 is added to Title 12 of  
2 the Guam Code Annotated to read:

3           "Section 8113.7.    To permit use by GPA of the  
4 parcels described in Sections 8113.5 and 8113.6 for public  
5 utility uses, GPA is hereby granted such conditional uses."

6           Section 8.       Section 8113.8 is added to Title 12 of  
7 the Guam Code Annotated to read:

8           "Section 8113.8.    In view of the urgency for  
9 procurement of the generators and ancillary equipment, the  
10 requirements of Title 5, GCA, Chapter 5, Article 3, Part B, are  
11 hereby waived and GPA is hereby authorized to utilize such  
12 method of source selection as it deems necessary, subject to  
13 the approval of the PUC."

14          Section 9.       Section 12016.1 is added to Title 12  
15 of the Guam Code Annotated to read:

16          "Section 12016.1.   In the conducting of any hearing  
17 pertaining to the implementation of the provisions of Section  
18 8113.1 through 8113.8 of this Title, the Commission shall be  
19 exempt from the provisions of Section 12016 of this Title. The  
20 Commission is requested to act upon any request of the Guam  
21 Power Authority having to do with the implementation of  
22 Sections 8113.1 through 8113.8 of this Title expeditiously in  
23 order to enable GPA timely to accept such bids as it has  
24 received as may be approved by the Commission."

**COMMITTEE ON ENERGY, UTILITIES  
AND CONSUMER PROTECTION**

**VOTING SHEET ON:**

**BILL NO. 898:(AS SUBSTITUTED BY THE COMMITTEE ON ENERGY, UTILITIES AND CONSUMER PROTECTION) AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY SECTIONS 8113.1, 8113.2, 8113.3, 8113.4, 8113.5, 8113.6, 8113.7 AND 12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT THE GUAM POWER AUTHORITY AND THE PUBLIC UTILITY COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM AND APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT AND TO AUTHORIZE THE GUAM POWER AUTHORITY TO INCUR LONG TERM INDEBTEDNESS NOT EXCEEDING TWO HUNDRED MILLION (\$240,000,000.00) DOLLARS.**

| <u>COMMITTEE ON MEMBERS:</u> | <u>INITIAL:</u> | <u>TO PASS:</u>      | <u>NOT TO PASS:</u> | <u>ABSTAIN:</u> | <u>TO PLACE</u>  |             |
|------------------------------|-----------------|----------------------|---------------------|-----------------|------------------|-------------|
|                              |                 |                      |                     |                 | <u>IN ACTIVE</u> | <u>OF</u>   |
|                              |                 |                      |                     |                 | <u>FILE:</u>     | <u>ISLA</u> |
| Sen. Don Parkinson           | <u>D</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Herminia Dierking       | <u>H</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. George Bamba            | <u>G</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Anthony Blaz            | <u>A</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Doris Brooks            | <u>D</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Gordon Mailloux         | <u>G</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Marilyn Manibusan       |                 |                      |                     |                 |                  |             |
| Sen. Martha Ruth             | <u>M</u>        | <u>7/8/92</u>        |                     |                 |                  |             |
| Sen. Frank Santos            | <u>F</u>        | <u>✓</u>             |                     |                 |                  |             |
| Sen. Antonio Unpingco        | <u>A</u>        | <u>To report out</u> |                     |                 |                  |             |
| Sen. Madeleine Z. Bordallo   | <u>M</u>        | <u>✓</u>             |                     |                 |                  |             |
| Spkr. Joe T. San Agustin     | <u>J</u>        | <u>✓</u>             |                     |                 |                  |             |

Introduced

TWENTY-FIRST GUAM LEGISLATURE

JUL 6 '92

Second Regular Session

Bill 898 (LS)  
Sponsored by:

T.V.C. Tanaka

A. Blaz

J.T. San Agustin

D. Parkinson

G. Bamba

AN ACT TO PROVIDE EMERGENCY ELECTRICAL GENERATION RELIEF FOR THE TERRITORY BY SECTIONS 8113.1, 8113.3 AND 12016.1 TO TITLE 12 OF THE GUAM CODE ANNOTATED IN ORDER THAT GUAM POWER AUTHORITY AND THE PUBLIC UTILITY COMMISSION MAY COOPERATE IN THE EXPEDITED PROCUREMENT OF ADDITIONAL GENERATING EQUIPMENT FOR THE ISLAND-WIDE POWER SYSTEM AND APPROPRIATING FOR THE ACQUISITION OF SUCH EQUIPMENT.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Statement of Legislative Finding. The Legislature finds that Guam Power Authority is unable to generate the electrical power necessary to meet the needs of the island. The current electrical system is so structured that the failure of virtually any individual generator triggers a load shedding plan that leaves parts of the island without power for substantial periods of time. The failure of the system results from the fact that some of its components have outlived their useful life span, that other elements are so large that their loss for maintenance or

due to an emergency reduces effective generating capacity of the entire system substantially and that the growth of the island has been so great in the last five years that GPA has been unable to add the new generators that would have avoided the emergency the island now faces. The inadequacy of the electrical power system not only jeopardizes the island's commercial interests, but also threatens the health, safety and welfare of every resident. The impact on the commercial sector of the economy is so significant that it threatens the economic miracle that has permitted the territory to make great strides in self-sufficiency in the past decade. It is the conclusion of the Legislature that the situation is such that the Legislature must provide for GPA to acquire additional generating equipment in an expedited fashion. Despite the emergency, however, the Legislature requires that the equipment that is to be procured be obtained at a reasonable price to be operated at a reasonable cost and be of such design and quality that it not only provides immediate relief but also fits into the long range plans for the expansion of the Island-Wide Power System.

Section 2.           Section 8113.1 is added to Title 12 of the Guam Code Annotated to read:

"Section 8113.1.           Expedited Procurement of Generators. In order to provide immediate relief from the critical power shortage existing in 1992, the Board, with all deliberate speed and with the consent of the Public Utility

Commission, shall procure, install and operate generators adding 20 to 50 megawatts of nameplate generating capacity to the Island-Wide Power System ("IWPS"). In determining what equipment it shall procure, the Board shall weigh, the time necessary to make the equipment an efficiently operating component of the IWPS; the per kilowatt hour cost of the equipment, factoring in the maintenance cost of the equipment over its anticipated usable life; compatibility of the equipment to the long-range capital improvement plans for the IWPS; and the potential for conversion of the equipment to an alternate energy source. The Board may purchase, lease or lease-purchase the equipment. In procuring the equipment the Board shall be cognizant of and apply to the maximum extent possible Section 1423 small L of Title 48 of the United States Code, which section permits the territorial government to make purchases through the federal General Services Administration; provided, however, that procurement shall not be made through the federal General Services Administration if such method of procurement shall delay unreasonably the procurement of the equipment. The equipment shall be procured from the Fund created by Section 8113.3 of this Chapter or from funds borrowed by the Board. No loan obtained by the Board shall require interest to be paid than is greater than the interest paid by the United States government for notes or bonds of similar amount and term as of the date that the indenture between the Board and the lender is executed. Interest earned by a lender on such an indenture shall be

free of taxation by the government of Guam.

Section 3. Section 8113.3 is added to Title 12 of the Guam Code  
Annotated to read:

"Section 8113.3. Expedited Procurement Fund for Generators.

There is a created an Expedited Procurement Fund for Generators ("the Fund") as a depository for such funds as the Legislature may appropriate to it or for such funds as may be set aside by the GPA Board of Directors from loans or other sources. The Treasurer of Guam shall be the Custodian of the Fund and no disbursement shall be made from the Fund except upon the request of the Board and provided that the Public Utilities Commission has concurred in the procurement. Such funds as the Board may borrow to implement the requirements of this section shall be borrowed upon such terms and conditions as shall be authorized by th Public Utilities Commission. In setting the terms and conditions of repayment, the Commission shall structure the terms and conditions to avoid excessive or unreasonable increases in the rates paid by the consumer of the Authority.

Section 4. Section 12016.1 is added to Title 12 of the Guam Code  
Annotated to read:

"Section 12016.1. In the conducting of any hearing pertaining to the implementation of the provisions of Section 8113.1 of this Title, the

Commission shall be exempt from the provisions of Section 12016 of this Title. The Commission shall act upon any request of the Guam Power Authority having to do with the implementation of Section 8113.1 of this Title within thirty (30) days from the receipt of such request. The Commission's failure to act upon a request within the thirty (30) days shall constitute consent and approval by the Commission of the request of the Guam Power Authority."

"Section 5. Continuing Appropriation. All funds received by the General Fund from the Guam Power Authority, as annual installment payments required under Section 2 of Public Law 20-112, are hereby appropriated to the Expedited Power Procurement Fund for Generators.

Section 6. The Guam Power Authority is authorized to borrow such sums as may be necessary for the procurement of generators and equipment as stipulated in Section 8113.1, as amended, of Title 12 of the Guam Code Annotated and to use the Expedited Power Procurement Fund for Generators as a source of repayment. Such borrowed sums shall be repaid upon terms and conditions as shall be authorized by the Public Utilities Commission. In setting terms and conditions of repayment, the Commission shall structure such terms and conditions to avoid excessive or unreasonable increases in the rate paid by the consumers of the Authority."